



AHCCCS

Our first care is your health care

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

*Janet Napolitano, Governor
Anthony D. Rodgers, Director*

*801 East Jefferson, Phoenix AZ 85034
PO Box 25520, Phoenix AZ 85002
phone 602 417 4000
www.ahcccs.state.az.us*

May 28, 2008

Charles A. Blanchard
Perkins, Coie, Brown and Bain
2901 N. Central Avenue, Suite 2000
Phoenix, Az 85015-2788

Dear Mr. Blanchard:

On behalf of your client, Mercy Care Plan (MCP), you asked for the time limit to submit a request for a capped contract. We provided that information. As your client considers that option, AHCCCS wants to provide additional information regarding a capped contract.

Should a capped contract be requested and later approved, adjustments would be made to MCP's Best and Final Offer (BFO) rates resulting in Capped Contract capitation rates. The Capped Contract capitation rates, for the prospective rates that were bid, would be reduced to the lesser of MCP's BFO rates (adjusted accordingly if out of the AHCCCS actuarial rate range), or the lowest awarded rates, by risk group. AHCCCS estimates this to be approximately a 1.39% reduction to MCP's composite BFO rate. The Capped Contract rates would be further adjusted by a Pima County-only factor, which would result in a slight increase overall from the Pima/Santa Cruz rates. AHCCCS would require an actuarial sign-off of the final Capped Contract rates if a capped contract were approved. In addition, the final Capped Contract capitation rates would be subject to the risk adjustment described in the RFP; the risk adjustment would be applied based on member specific encounter data. Finally, the rates would be subject to any of the other items identified in the RFP such as reinsurance level or new legislative impacts.

Given this information, AHCCCS requests that you inform us, in writing, of whether or not MCP would accept these rates should a capped contract be requested and awarded. Please see the attachment for specific rates. To be clear: this letter is **NOT** approval of a capped contract. Upon receipt of a request for a capped contract including a response to this letter, AHCCCS will consider the request and will inform you and MCP by separate letter of its decision.

We also request that you provide AHCCCS with information regarding the impact to other AHCCCS lines of business if Mercy Care Plan is not awarded a capped contract.

In closing, please be advised that AHCCCS is in receipt of the Mercy Care Plan protest, and is processing that completely separately from this request for information.

Sincerely,

Michael Veit
Procurement Officer

Mercy Capped Contract Rates

Arizona Health Care Cost Containment System

Mercy Care Plan CYE 09 Rates for Capped Contract -

		<1	1-13	14-44F	14-44M	45+	SSI W	SSI W/O	NonMed
Capped Contract Capitation Rates - GSA 10	\$	421.71	\$ 102.21	\$ 232.79	\$ 119.63	\$ 393.08	\$ 147.77	\$ 717.65	\$ 474.11

Note

These rates would be adjusted, by AHCCCS, for a Pima County-Only capped contract. Currently these rates are reflective of both Pima and Santa Cruz counties.